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EXAMINER

WASYLCHAK, STEVEN R

ART UNIT PAPER NUMBER

3624

DATE MAILED: 01/12/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/755,591

Applicant(s)

STEWART HARRIS ET AL.

Examiner

Steven R. Wasylchak

Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 29 September 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

### RESPONSE TO REMARKS

1. This action is in response to remarks dated Sept. 29, 2004.
2. Claims 1-22 are pending.
3. Examiner responds to remarks:

Applicant (page 2): May is directed towards a credit monitoring system based on the credit preferences inputted by each counterparty. As defined in May, credit preferences are used to determine whether parties to a transaction are eligible to trade with each other.

Examiner: May is directed toward credit monitoring systems in electronic **trading** systems (see title, abstract).

Applicant ( page 3): May refers to this as "inheriting the credit preferences from other business units in the same legal entity family." (See May, column 46, lines 14-29). It appears that the Office Action is using the concept of inheriting credit preference to show or suggest applicants' feature of accumulating positions.

Applicants submit, however, that inheriting credit preferences does not show or suggest "accumulating positions for the parent entity indicated by the trade information with previously accumulated positions." As discussed above, positions refer to the monetary total

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amount of trades that have been entered into so far for a particular party. Credit preferences in May, on the other hand, refer to a choice of which business units a counterparty wishes to trade. Therefore, credit preferences as disclosed in May does not show or suggest "accumulating positions for the parent entity" as required in applicants' claims.

Examiner: Accumulating positions is mere multiplicity which is not novel absent a new use.

Applicant (page 4): Applicants further submit that May does not show or suggest "shutting off trading for the counterparty when at least one of the accumulated counterparty positions and the accumulated parent entity positions exceeds the at least one trading limit." May discloses in its Background of Invention that in a prior art system a "credit limit" functions to cap the monetary amount of trading one party can transact with another party. If the amount exceeds the credit limit, May appears to disclose preventing the transaction between the parties. (See May, column 2, lines 27-39). This, however, only shows preventing a specific transaction between specific parties. Applicants' claims, on the other hand, require shutting off trading for

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a counterparty, which means that all transactions are prevented, not just a specific transaction between specific parties.

In addition, applicants respectfully submit that the Office Action has failed to point to any suggestion or motivation to modify May to include the features of applicants' invention, as defined by independent claims 1 and 12.

Examiner: It is credit limits, not credit preferences, that correlate to accumulating positions because the accumulation of positions is based on credit limitations. In the second paragraph, "...preventing a specific transaction between **specific** parties." Is the same as

"... a counterparty,..." meaning a specific counterparty.

Motivation for claims 1 and 12: May does not explicitly disclose a parent entity.

Official notice is taken that this feature of parent entity is old and well known in the art as in a parent-subsidary corporate relationship which is suggested in fig 7, "Merril Lynch, London" as being the subsidiary of its parent in New York City. It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to implement this feature of a parent entity for the advantage of recognizing that any potential losses by the subsidiary will have a negative impact on the consolidated accounting and corporate income tax statements.

Attorney (page 5): Therefore, because May fails to show or suggest

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"accumulating positions for the parent entity indicated by the trade information with previously accumulated positions" and "shutting off trading for the counterparty when at least one of the accumulated counterparty positions and the accumulated parent entity positions exceeds the at least one trading limit" as defined by independent claims 1 and 12, and because there is no suggestion or motivation to modify May to include all the features recited in independent claims 1 and 12, independent claims 1 and 12 are in condition for allowance. Claims 2-11 and claims 13-22 which depend from independent claims 1 and 12, respectively, and also in condition for allowance.

Applicants respectfully submit that the rejection of the claims be withdrawn.

Examiner: For clarification of claim 1 and 12, Examiner means that a parent was not explicitly disclosed as for example in a parent-subsidary relationship. The official notice would be derived from fig 7, left side: "Merril Lynch, London" as being the subsidiary of its parent in New York City. Trading, credit as on margin accounts via Merrill Lynch brokerage accounts, and Merrill Lynch parent-subsidary trading is suggested by May.

The previous office action is reproduced below for Applicant's convenience:

Claim Rejections - 35 USC 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

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obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over May (US 6,317,727).

Claims:

1 . A method for monitoring credit of a counterparty having a parent entity, comprising.

receiving trade information relating to trades entered into by the counterpart/abstract accumulating positions for the counterparty indicated by the trade information with previously accumulated positions/col 1 , L 65 to col 2, L 5

accumulating positions for the parent entity indicated by the trade information with previously accumulated positions/ col 46, L 14-29

comparing at least one of accumulated counterparty positions and accumulated parent entity positions with at least one trading limit; and/ col 2, L 27-29(cap); col 46, L14-29. col 47, L 39-50

shutting off trading for the counterparty when at least one of the accumulated counterparty positions and the accumulated parent entity positions exceeds the at least one trading limit./ col 2, L 27-39 (cap)

2. The method of claim 1, further comprising:

receiving trade information relating to at least one of cleared trades and failed

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trades/abstract; col 3, L 32-53

adjusting accumulated counterparty positions based upon the trade information relating to the at least one of the cleared trades and the failed trades, and/ col 2, L 27-39

adjusting accumulated parent entity positions based upon the trade information relating to the at least one of the cleared trades and the failed trades./col 3, L 32-53., col 46, L 14-29.,

3. The method of claim 1, further comprising accumulating counter party positions based upon long-bond-equivalents./col 17, L 17-47., col 18, L3-13; col 19, L 59 to col 20,

L 18; col 23, L 1-26\*, col 41 L 1 1-28 (Treasuries as benchmark to establish long bond equivalents); col 43, L 15-42., col 45, L 39-45

4. The method of claim 1, further comprising accumulating parent entity positions based upon long-bond-equivalents./col 46, L 14-43

5. The method of claim 1, further comprising updating an operator interface that shows the accumulated counterparty positions./col 46, L 43-60

6. The method of claim 1, further comprising updating an operator interface that shows the accumulated parent entity positions./col 46, L 30-60

7. The method of claim 1, wherein the comparing of at least one of accumulated counterparty positions and accumulated parent entity positions with at least one trading limit comprising:

determining whether the at least one trading limit includes a limit for the accumulated



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counterparty positions; and/col 1 , L 51 to col 2, L 19

May teaches the accumulated counterparty positions to the limit for the accumulated counterparty positions when the limit

exists./ col 46, L 30-60. The reference fails to explicitly teach the feature of comparison of

accumulated counterparty positions. Official notice is taken that this feature is old and well known in the e-commerce art and /or retail art as in matching orders by comparing the orders. It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to implement this feature for the advantage of matching counterparty positions for trade execution

under credit guidelines as in col 1, L 51-col 2, L 19 (matching is a result of comparing); col 39, L16-24(matching); col 41, L43-52 (matching)

8. The method of claim 1 , wherein the comparing of at least one of accumulated counterparty positions and accumulated parent entity positions with at least one trading limit comprising:

determining whether the at least one trading limit includes a limit for the accumulated parent entity positions, and/ col 1 , L 51 to col 2, L 19, col 46, L 43-60

comparing the accumulated parent entity positions to the limit for the accumulated parent entity positions when the limit exists./ col 1 , L 51 to col 2, L 19., col 46, L 30-60

9. The method of claim 1 , further comprising sending a message to indicate when trading for the counterparty has been shut off./

col 51, L 6-15(delete as shut off)

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10. The method of claim 1, further comprising:

May discloses at least one of accumulated counterparty positions and accumulated parent entity positions and sending a message to indicate when at least one of the accumulated counterparty positions and

the accumulated parent entity positions / col 46, L 30-60.

The reference fails to explicitly teach the features of comparison and warning level.

Official notice is taken that these features of

comparison and warning levels are old and well known in the finance art. It would have been obvious to one of ordinary skill in

the art at the time of applicant's invention to implement these features of comparison and warning levels for the advantage of minimizing losses and optimal trade execution.

11. The method of claim 1, further comprising providing an operator interface that prompts an operator to specify the at least one trading limit./ fig 3484,81 ,76)

12. A system for monitoring credit of a counterparty having a parent entity, comprising: a trading system the provides trade information relating to trades entered into by the counterparty and

a credit processor that:

receives the trade information relating to the trades entered into by the counterparty, accumulates positions for the counterparty indicated by the trade information with previously accumulated positions,

accumulates positions for the parent entity indicated by the trade information with

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previously accumulated positions,

compares at least one of accumulated counterparty positions and accumulated parent

entity positions with at least one trading limit; and

shuts off trading for the counterparty when at least one of the accumulated

counterparty positions and the accumulated parent entity positions exceeds the at least

one trading limit./ refer all the above to claim 1

13. The system of claim 12, further comprising a clearing system that provides trade information relating to at least one of cleared trades and failed trades, wherein the credit processor also receives trade information relating to at least one of cleared trades and failed trades,

adjusts accumulated counterparty positions based upon the trade information relating to the at least one of the cleared trades and the failed trades, and adjusts accumulated parent entity positions based upon the trade information relating to the at least one of the cleared trades and the failed trades./ refer to cl 2 for all the above

14. The system of claim 12, wherein the credit processor also accumulates counterparty positions based upon long-bond-equivalents./ refer to cl 3

15. The system of claim 12, wherein the credit processor also accumulates parent entity positions based upon long-bond-equivalents./refer to cl 4

16. The system of claim 12, wherein the credit processor also updates an operator interface that shows the accumulated counterparty positions./ refer to cl 5

17. The system of claim 12, wherein the credit processor also updates an operator interface that shows the accumulated parent entity positions./ refer to cl 7

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18. The system of claim 12, wherein the credit processor in comparing of at least one of accumulated counterparty positions and accumulated parent entity positions with at least one trading limit:

determines whether the at least one trading limit includes a limit for the accumulated counterparty positions, and

compares the accumulated counterparty positions to the limit for the accumulated counterparty positions when the limit exists./ refer to cl 7

19. The system of claim 12, wherein the credit processor in comparing of at least one of accumulated counterparty positions and accumulated parent entity positions with at least one trading limit:

determines whether the at least one trading limit includes a limit for the accumulated parent entity positions; and

compares the accumulated parent entity positions to the limit for the accumulated parent entity positions when the limit exists./ refer to cl 8

20. The system of claim 12, wherein the credit processor also sends a message to indicate when trading for the counterparty has been shut off./ refer to cl 9

21. The system of claim 12, wherein the credit processor also:

compares at least one of accumulated counterparty positions and accumulated parent entity positions with at least one trading warning level; and sends a message to

indicate when at least one of the accumulated counterparty positions and the

accumulated parent entity positions exceeds the at least one trading warning level./

refer to cl 10

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22. The system of claim 12, wherein the credit processor also provides an operator interface that prompts an operator to specify the at least one trading limit./ refer to cl 11

This action is NON-FINAL.

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This action is **FINAL**. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Steven R. Wasylchak whose telephone number is (703) 308-2848. The examiner can normally be reached on Monday-Thursday from 7:00 a.m. to 6:00 p.m. EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin, can be reached at (703) 308-1065. The fax number for Art Unit 3624 is (703) 872-9306.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703) 308-1113.

Steven Wasylchak



12/22/04

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